

PROCAL ELECTRONICS INDIA LIMITED

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CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL- (AS PER REGULATION 17(5) OF SEBI (LODR) REGULATION, 2015)

This Code of Conduct for the Board of Directors and the Senior Management Personnel (hereinafter referred to as "the Code") has been framed and adopted by PROCAL ELECTRONICS INDIA LIMITED (hereinafter referred to as "the Company") in compliance with the provisions of Regulation 17(5) of the SEBI (LODR) Regulation, 2015.

This Code is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the company in an ethical manner.

The purpose of this code is to recognize and emphasis upon the ethical behavior and to develop a culture of honesty and accountability.

This Code of Conduct attempts to set forth the guiding principles on which the Company and its Board and Senior Management shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected. It recognizes that the Company is a trustee and custodian of public money and in order to fulfill its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of its stakeholders and public at large.

Definitions:

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

"Board/Directors" shall mean the Board of Directors of the Company.

"Company" shall mean **PROCAL ELECTRONICS INDIA LIMITED**

"Conflict of Interest" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

“Executive Directors/Whole time Directors” shall mean and include Company's Managing Director and Directors who are in whole time employment of the Company.

“Independent Directors” shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Listing agreement (as revised from time to time).

“Non - Executive Directors” shall mean the Directors who are not in whole time Employment of the Company

“Senior Management Personnel” shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads and all employees at Vice President Position and above.

Applicability:

This Code shall be applicable and binding to the Board of Directors and the Senior Management Personnel of the Company. The Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

The Code:

The Directors and members of the Senior Management of the Company agree to abide by the Following Code of Conduct:

- ✚ Make best efforts to attend the Board, Committee, Members and other Company meetings.
- ✚ Always adhere and confirm to all statutory and mandatory laws, rules, regulations, bye laws as may be applicable to the Company.
- ✚ Make concerted efforts to share and enhance the knowledge and information reserve in the Company.
- ✚ Ensure the security of all confidential information belonging to the Company in every possible manner.
- ✚ Be honest and fair in their dealing with Government authorities, stakeholders, customers, suppliers, service providers and business partners.
- ✚ Not to be associated in any way, directly or indirectly, with the competitors of the Company while on Board or employment of the Company.
- ✚ Not to derive personal benefit or undue advantages (financial or otherwise) by virtue of their position or relationship with the Company and for this purpose:
 - (i) Shall adopt total transparency in their dealings with the Company

- (ii) Shall disclose full details of any direct or indirect personal interests in dealings/transactions with the Company
- (iii) Shall not be a party to transactions or decisions involving conflict between their personal interest and the Company's interest.

- ✚ Do not accept or derive any personal gratification from suppliers, service providers, business partners or any other agency in their dealings with them.
- ✚ Cooperate with the Company in discharging its social responsibilities.
- ✚ Not to conduct themselves in a manner that harms or adversely affects the reputation of the Company in any way.
- ✚ Accept that they shall be accountable to the Board for their actions, violations and defaults in their capacity as a Director / member of the Senior Management of the Company, as the case may be.

Compliance:

The Board of Directors and the Senior Management Personnel shall ensure compliance of various legal/regulatory requirements as applicable to the business of the Company and endeavor that before any directions are given or decisions taken, relevant legal/regulatory requirements are taken into account.

The Board of Directors and the Senior Management Personnel shall report concerns about unethical behavior, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements as per the Whistle-blower Policy of the Company.

The Board of Directors and the Senior Management Personnel shall comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company's Code of Conduct for Prevention of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.

Any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 and the Listing Agreement and as detailed in the Related Party Transaction Policy of the Company must be entered into by the Director or the Senior Management Personnel only after obtaining prior approval of the Board or any Committee thereof.

Code for Independent Directors:

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

Guidelines of professional conduct:

An independent director shall:

1. Uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a bona fide manner in the interest of the company;
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. Refrain from any action that would lead to loss of his independence;
8. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. Assist the company in implementing the best corporate governance practices.

Role and functions:

The independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

4. satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;
7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties:

The independent directors shall—

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;
6. Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Manner of appointment:

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
 - ✚ The term of appointment;
 - ✚ The expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - ✚ The fiduciary duties that come with such an appointment along with accompanying liabilities;
 - ✚ Provision for Directors and Officers (D and O) insurance, if any;
 - ✚ The Code of Business Ethics that the company expects its directors and employees to follow;
 - ✚ The list of actions that a director should not do while functioning as such in the company;
 - ✚ The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

Resignation or removal:

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Companies Act, 2013.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
3. Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

Separate meetings:

1. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
 -  Review the performance of non-independent directors and the Board as a whole;
 -  Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

- ✚ Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation mechanism:

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Placement of the Code on website

As required by Regulation 17(5) of SEBI (LODR) Regulation, 2015 this code and any amendment there to shall be posted on the website of the company.

Amendment to the Code

The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

Compliance Officer

The Company Secretary shall act as a Compliance Officer and shall monitor compliances with the Chairman and Managing Director of the Company.

Affirmation of Compliance with the Code

All the Board Members and the Senior Management Personnel shall affirm compliance with this Code within 30 days from the close of every financial year. Report shall be forwarded to the Compliance Officer of the Company.